



Standard Life Equity Income Trust plc

**Half Yearly Report
31 March 2013**

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Investment Objective

The objective of Standard Life Equity Income Trust is to provide shareholders with an above average income from their equity investment while also providing real growth in capital and income.

Investment Policy

The Directors intend to achieve the investment objective by investing in a diversified portfolio consisting mainly of quoted UK equities. The portfolio will normally comprise between 50 and 70 individual equity holdings. In order to reduce risk in the Company without compromising flexibility:

- no holding within the portfolio will exceed 10% of net assets; and
- the top ten holdings within the portfolio will not in aggregate exceed 50% of net assets

The Company may invest in convertible preference shares, convertible loan stocks, gilts and corporate bonds.

The Directors have set parameters of between 95% and 115% for the level of gearing that can be employed. The maximum level of borrowings will therefore represent 15% of net assets and the maximum cash position will be equivalent to 5% of net assets. The Directors have delegated responsibility to the Manager for the operation of the gearing level within the above parameters.

The Manager's investment process combines asset allocation, stock selection, portfolio construction, risk management and dealing. The investment process is research-intensive and is driven by a distinctive focus on change which recognises that different factors drive individual stocks and markets at different times in the cycle. This flexible but disciplined investment process ensures that the Manager has the opportunity to perform in different market conditions.

Financial Highlights

Total Return	Six months ended 31 March 2013
Net asset value per ordinary share*	20.1%
FTSE All-Share Index	14.5%
Share price	21.0%

* Source: Morningstar

Performance for six months ended 31 March 2013

Capital Return	31 March 2013	30 September 2012	% change
Net asset value per ordinary share (basic including net revenue)	363.3p	314.2p	15.6
Net asset value per ordinary share (basic excluding net revenue)	360.6p	304.4p	18.5
Net asset value per ordinary share (diluted - including net revenue)¹	356.2p	314.2p	13.4
Net asset value per ordinary share (diluted excluding net revenue) ¹	354.0p	304.4p	16.3
Ordinary share price (mid market)	342.0p	294.0p	16.3
Subscription share price (mid market)	47.0p	28.0p	67.9
(Discount)/premium of share price to net asset value (basic - including net revenue)	(5.9%)	(6.4%)	—
(Discount)/premium of share price to net asset value (basic - excluding net revenue)	(5.2%)	(3.4%)	—
(Discount)/premium of share price to net asset value (diluted - including net revenue)	(4.0%)	(6.4%)	—
(Discount)/premium of share price to net asset value (diluted - excluding net revenue)	(3.4%)	(3.4%)	—
	31 March 2013	30 September 2012	% change
FTSE All-Share Index	3,380.6	2,998.9	12.7
Total assets	£154.1m	£135.3m	13.9
Total shareholders' funds	£138.3m	£119.3m	15.9
	Six Months Ended 31 March 2013	Six Months Ended 30 September 2012	% change
Revenue return per ordinary share	5.89p	6.17p	(4.5)
Revenue return per ordinary share (diluted)	5.89p	—	—
Interim dividends:			
First quarterly dividend paid	3.2p	3.75p	n/a
Second quarterly dividend payable	3.2p	—	n/a
	6.4p	3.75p	70.7

¹ Diluted net asset values calculated in accordance with AIC guidelines (assuming all subscription shares in issue are exercised).

Chairman's Statement

Performance

I am pleased to report that the improved investment performance has continued over the six month reporting period to 31 March 2013 with the Company producing a net asset value total return of 20.1% compared with the FTSE All-Share Index delivering a total return of 14.5%.



Charles Wood OBE

Further progress has been made to increase the proportion of mid cap holdings where the investment manager has a high conviction as shown in the two tables below. I am delighted that these changes have added value to investment performance as well as reducing the concentration risk of the top ten income contributors.

Portfolio spread	31 March 2013	30 September 2012	30 September 2011
FTSE 100	59.5%	63.3%	76.0%
FTSE 250	38.6%	35.8%	23.9%
FTSE Small Cap	1.9%	0.9%	0.1%

Dividend Concentration	31 March 2013	30 September 2012	30 September 2011
Top 10 Income contributors	42.3%	44.6%	50.3%

Your Company ranked third out of 16 peers in the UK Growth & Income sector based on net asset value

total return for the six months ended 31 March 2013 (excluding trusts with a lower yield than the FTSE All-Share Index). The longer term performance against its peers is shown in the table below:

UK Growth & Income Peer Group	Six Months Total Return	Three Years Total Return	Five Years Total Return
SLEIT*	3/16	12/16	8/16
SLEIT	5/18	14/18	10/18

Source: Morningstar

*Based on the peer group excluding trusts with a lower yield than the FTSE All-Share Index.

The Company's share price total return for the reporting period was 21.0%. The discount at 31 March 2013 was 4.0%, compared to a discount of 6.4% at the start of the period. However with the average peer group discount of 2.1% the Company's shares still represent good value on a relative basis. As at 17th May the share price was 365p and the Company's shares offer a dividend yield of 3.5%.

Chairman's Statement

The Manager's Report on pages 7 to 9 provides further information on the UK economy and equity market as well as a review of the portfolio of investments and activity during the period.

The dilutive effect of the outstanding Subscription Shares on relative performance is noted separately in Note 7 on page 27.

Income and Dividends

The revenue return per ordinary share for the six months ended 31 March 2013 was 5.89p, representing a 4.5% decrease in the earnings per ordinary share for the same period last year. The decrease is mainly attributable to the timing of special dividend receipts and the Company continues to see strong dividend growth coming through from the underlying portfolio.

The Board is declaring a second quarterly interim dividend of 3.20p per share which together with the first quarterly interim dividend of 3.20p per share brings total dividends for the six months to 31 March 2013 to 6.40p. As I indicated in my last statement the Company has started to pay quarterly dividends from March 2013 and this will lead to a substantial rebalancing of dividend payments.

The second quarterly interim dividend of 3.20p per share will be paid on 28 June 2013 to shareholders on the register on 7 June 2013, with an associated ex-dividend date of 5 June 2013. At the current time it is the Board's intention to seek at least to maintain this level of dividend for the remainder of the financial year.

Year Ending 30/9/13	Pay Date	Amount per share
Quarter 1	22 March 2013	3.20p
Quarter 2	28 June 2013	3.20p
Quarter 3	27 September 2013	3.20p
Quarter 4	20 December 2013	3.20p

Gearing

During the period under review, your Manager kept the Company's borrowings at £15m with net gearing in a relatively narrow range of between 8% and 12% depending on market and cash levels. With the rally in share prices, gearing has had a positive impact on performance.

Marketing

The Retail Distribution Review formally came into force in January, with its insistence on wider disclosure of investment choices and fees. Its arrival may be partly connected to a further narrowing of discounts across the investment trust sector. The Board

Chairman's Statement

believes that in the long term the provisions of the Review will be seen to encourage interest in the sector.

The Manager and Board have continued to engage with existing and potential shareholders over the period.

Subscription Shares

Just over two years ago your Company issued Subscription Shares on the basis of one for every five shares held, to be exercised at 320p. You will have noticed that the Ordinary share price is now higher than this, putting the Subscription Shares 'in the money'. The purpose of the issue was to increase the size and liquidity of the Trust, and reduce our total expense ratio. The new shares can be taken up at 320p per Subscription Share by giving notice each June and December (last exercise 31 December 2016), and if the position is unchanged in June 2013 your Directors are intending to take up their Subscription Share rights.

Outlook

Continuing economic uncertainties have prompted central banks to adopt unprecedented policies with unclear long term outcomes. Against the background of very low interest rates, and increasing hopes for the

US economy, stock markets almost everywhere in developed economies are near fresh peaks. Your Board believes that the policy of careful addition of medium sized companies to our portfolio is achieving successful diversification, and will increase the potential for increased dividends in the long term.

Charles Wood OBE

Chairman

21 May 2013

Directors' Responsibility Statement

The Directors are responsible for preparing the Half-Yearly Financial Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge –

- the condensed Financial Statements have been prepared in accordance with the Accounting Standards Board's statement "Half-Yearly Financial Reports"; and
- the Interim Management Report includes a fair review of the general conditions required by 4.2.7R and 4.2.8R of the Financial Conduct Authority's Disclosure and Transparency Rules.

The Half-Yearly Financial Report, for the six months ended 31 March 2013, comprises an Interim Management Report in the form of the Chairman's Statement, the Directors' Responsibility Statement and a condensed set of Financial Statements, and has not been audited or reviewed by the auditors pursuant to the APB guidance on Review of Interim Financial Information.

For and on behalf of the Directors of Standard Life Equity Income Trust PLC

Charles Wood OBE

Chairman

21 May 2013

Manager's Report

Market Review

It was a strong period for UK equities, with the FTSE All-Share Index delivering positive returns in each month of the reporting period. This progress came despite ongoing weakness within the domestic economy. While employment data continued to improve, soft retail sales and weak fourth quarter GDP disappointed. However, while Moody's downgrade of the UK's 'AAA' sovereign rating clearly reflected the prevailing environment, it was largely expected. Indeed, the agency's retention of a 'stable' outlook, in direct contrast to previous downgrades of France and the US, whose outlooks both became 'negative', cheered investors.

Looking outside the UK, the positive sentiment effects engendered by previous global central bank stimulus measures continued for much of the period. However, early optimism over a swift resolution to US 'fiscal cliff' negotiations gave way to creeping concern at growing signs of stalemate in December. The last-minute deal, which delayed otherwise automatic spending cuts and tax increases, boosted equities in January as investors were heartened by the diminished risk

of recession. Better economic data from China and the US in particular lent their support to the improved investor confidence. However, markets grew more cautious in March, as they renewed their focus on Europe and, in particular, the evolving crisis in Cyprus.

Performance

For the six months to 31 March 2013, the Company's net asset value total return was 20.1%, outperforming the FTSE All-Share Index total return of 14.5%. Over the same period, the share price rose from 294p to 342p.

The Company's overweight position in airline company easyJet made the most significant contribution to performance over the period. A robust trading update demonstrated management's success in growing revenues through initiatives such as allocated seating. The Company gained from its holding in kitchen supplier Howden Joinery, which continued to trade well, taking market share from its rivals and continuing to open more outlets. The Company benefited from its holdings in Close Brothers and International Personal Finance, both of which are managing to balance strong loan growth with

Manager's Report

solid credit quality. Both companies also announced further dividend hikes, maintaining their track record of never having cut their dividends, even through the recent financial crisis. This demonstrates the benefit of seeking exposure to financials outside the banks sector, the traditional hunting ground for income funds.

On the downside, the largest detractor was Petrofac, the oil services company, which suffered from investor concerns about an industry-wide slowdown in onshore projects. Management remain confident in the company's ambitious medium-term growth prospects, underpinning the consistent growth in their dividend. Not owning large, defensive companies such as Reckitt Benckiser, SABMiller, Unilever and Diageo was also detrimental when these stocks rallied in response to renewed concerns over the sustainability of the Euro-zone.

Activity

The Company was active in the media sector, buying shares in ITV and BSKyB. ITV should benefit from improvement in advertising and studio revenues, while its decision to pay a special dividend underlines the cashflow generative nature of the business. Meanwhile,

BSkyB's strong market position is enabling it to cross-sell new services to existing customers. We also built a position in Lancashire, the insurance business, where capital management discipline is helping to sustain high returns on capital and is also enabling it to pay regular special dividends. The Company sold its position in mining company Glencore, which is vulnerable to weakening commodity prices, particularly in the wake of the Xstrata deal, which increases the group's reliance on production assets.

Outlook

The global economy continues to recover and we expect the gradual transition to a more 'normal' environment to persist as investors increasingly turn their attention away from macroeconomic event risk to corporate fundamentals. Our focus is on companies that offer the prospect of positive earnings and dividend surprises - an approach which is currently leading us towards small and mid-sized businesses, as opposed to more mature, slow-growing large cap stocks. It is notable that the solid earnings growth being reported by many smaller and mid-cap companies is underpinning growing levels of dividend cover. In addition, smaller companies tend to be less

Manager's Report

fully researched than their larger counterparts, which provides scope for superior returns from both dividend and capital growth.

Thomas Moore

*Standard Life Investments
Manager*

21 May 2013

Sector Breakdown 31 March 2013

	%
Financials	33.8
Consumer Services	18.5
Industrials	16.3
Telecommunications	11.4
Consumer Goods	9.4
Oil & Gas	8.9
Basic Materials	3.7
Health Care	2.9
Information Technology	1.1
Utilities	0.9
Net Borrowings	-6.9

Ten Largest Positions Relative to the Benchmark

Overweight Stocks	Trust %	B'mark %	Relative %	Overweight Stocks	Trust %	B'mark %	Relative %
easyJet	2.9	0.1	2.8	Legal & General	2.4	0.5	1.9
DS Smith	2.6	0.1	2.5	Howden Joinery Group	1.9	0.1	1.8
BT	3.3	1.1	2.2	GKN	2.0	0.2	1.8
Close Brothers Group	2.1	0.1	2.0	International			
Inmarsat	2.1	0.2	1.9	Personal Finance	1.8	0.1	1.7
				Bodycote	1.6	0.1	1.5

Principal Risks and Uncertainties

The Directors regularly review the principal risks which they have identified and the Directors have set out delegated controls designed to manage those risks. Key risks within investment and strategy, for example inappropriate stock selection or gearing, are managed through investment policy, guidelines and restrictions and by the process of oversight at each Board meeting.

The principal risks and uncertainties which give rise to specific risks which are associated with the Company, as identified by the Directors, are as follows:

- **Objective and Strategy Risk:** the Company and its investment objective become unattractive to investors. The Directors review regularly the Company's investment objective and investment policy in the light of investor sentiment and monitor closely whether the Company should continue in its present form. The Directors, through the Manager, hold regular discussions with major shareholders. A resolution to continue the Company in its present form is put to shareholders at every fifth Annual General Meeting ("AGM") and will be next considered at the AGM in 2016 and every fifth subsequent AGM.
- **Shareholder Profile Risk:** activist shareholders, whose interests are not consistent with the long-term objectives of the Company, may be attracted onto the shareholder register. The Manager provides a shareholder analysis to the Directors at every meeting for their consideration of any action required in addition to regular reporting by the Company's stockbroker.
- **Resource Risk:** in common with most investment trusts, the Company has no employees. The Company therefore relies upon services provided by third parties. This particularly includes the Manager, to whom responsibility for the management of the Company has been delegated under an investment management agreement. The Directors review the performance of the Manager on a regular basis.
- **Investment and Market Risk:** The Company is exposed to the effect of variations in security prices due to the nature of its business. A fall in the value of its investment portfolio will have an adverse effect on the value of shareholders' funds.

Principal Risks and Uncertainties

- **Capital Structure and Gearing Risk:** The Company's capital structure at 31 March 2013 consisted of equity share capital comprising ordinary shares, subscription shares and debt in the form of a revolving credit facility with The Royal Bank of Scotland plc for up to £20m. In rising markets, the effect of the borrowings would be beneficial but in falling markets the gearing effect would adversely affect returns to shareholders. The Manager is able to increase or decrease the gearing level by repaying or drawing down periodically from the bank facility subject to Directors' overall restrictions on gearing. The bank facility is subject to regular monitoring by The Royal Bank of Scotland plc and covenants are supplied quarterly to the bank by the Company.
- **Income and Dividend Risk:** In view of the Company's investment objective, to provide for shareholders an above average income from their equity investment, the Manager is required to strike a balance between income and capital growth. The Directors have adopted an accounting policy which permits 70% of the aggregate of the finance costs and investment management fees to be charged to the capital account within the Income Statement as opposed to the revenue account. This policy is reviewed regularly by the Directors in light of the expected long term split of returns between income and capital. The Directors receive frequent updates as to the progress made by the Manager towards the achievement of the income requirements of the Company's investment objective.
- **Regulatory Risk:** The Company operates in a complex regulatory environment and faces a number of regulatory risks. A breach of Sections 1158-1159 of the Corporation Tax Act 2010 formerly Section 842 of the Income and Corporation Taxes Act 1988 would result in the Company being subject to capital gains tax on any portfolio investment gains. Breaches of other regulations, including the UKLA Listing Rules or the UKLA Disclosure and Transparency Rules, could lead to a number of detrimental outcomes and reputational damage. Breaches of controls by service providers such as the Manager and Company Secretary could also lead to reputational damage or loss.

Principal Risks and Uncertainties

There is also a further legal and regulatory risk in the form of the Alternative Investment Fund Managers Directive (“AIFMD”) which is due to be transposed into the national laws of member states of the European Union by 22 July 2013. The AIFMD seeks to regulate alternative investment fund managers (“AIFMs”) managing or marketing all alternative investment funds, including investment trusts, in the European Union. As a result of these regulatory changes, AIFMs will be subject to a new authorisation and supervisory regime. Compliance with the AIFMD is therefore expected to create some additional regulatory costs for the Company.

- The Directors have adopted a robust framework of controls designed to identify and monitor the principal risks facing the Company and to provide a monitoring system to enable the Directors to mitigate these risks as far as possible.

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In considering this, the Directors took into account the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments, and the ability of the Company to meet all of its liabilities and ongoing expenses. Accordingly it is reasonable for the Financial Statements to continue to be prepared on a going concern basis.

List of Holdings

As at 31 March 2013

UK Equities	£'000
Oil & Gas	
<i>Oil & Gas Producers</i>	
BP	5,421
Royal Dutch Shell A	4,061
BG	690
<i>Oil Equipment Services & Distribution</i>	
Petrofac	2,054
Basic Materials	
<i>Chemicals</i>	
Johnson Matthey	1,072
<i>Forestry & Paper</i>	
Mondi	1,924
<i>Mining</i>	
Rio Tinto	2,137
Industrials	
<i>Aerospace & Defence</i>	
Rolls Royce	3,278
Senior	1,205
Qinetiq	436
<i>Construction & Materials</i>	
Kier	1,244
Balfour Beatty	1,153
<i>Electronic & Electrical Equipment</i>	
Spectris	865
<i>General Industrials</i>	
DS Smith	3,802

UK Equities	£'000
<i>Industrial Engineering</i>	
Bodycote	2,387
IMI	1,250
<i>Support Services</i>	
Howden Joinery	2,812
Babcock International	1,259
G4S	1,249
Ashtead	1,015
Berendsen	416
Consumer Goods	
<i>Automobiles & Parts</i>	
GKN	2,932
<i>Beverages</i>	
Britvic	1,234
<i>Food Producers</i>	
Tate & Lyle	2,110
<i>Household Goods & Home Construction</i>	
Bovis Homes	1,479
<i>Tobacco</i>	
British American Tobacco	4,387
Imperial Tobacco	778
Health Care	
<i>Pharmaceuticals & Biotechnology</i>	
GlaxoSmithKline	3,965

List of Holdings

As at 31 March 2013

UK Equities	£'000
Consumer Services	
General Retailers	
Inchcape	1,528
Media	
British Sky Broadcasting	2,123
ITV	1,471
Reed Elsevier	1,214
Rightmove	865
Travel & Leisure	
easyJet	4,197
Marstons	2,268
Ladbrokes	2,005
Whitbread	1,909
Cineworld	1,891
Compass	1,623
Stagecoach	1,433
Greene King	1,379
Restaurant	974
International Consolidated Airlines	601
Telecommunications	
Fixed Line Telecommunications	
BT	4,890
Talktalk Telecom	1,772

UK Equities	£'000
Mobile Telecommunications	
Vodafone	5,862
Inmarsat	3,129
Utilities	
Gas, Water & Multiutilities	
United Utilities	1,267
Financials	
Banks	
HSBC Holdings	8,745
Standard Chartered	3,473
Barclays	2,888
Financial Services	
Close Brothers	3,074
International Personal Finance	2,704
IG	1,744
Aberdeen Asset Management	1,409
Rathbone Brothers	1,185
3i	1,089
Provident Financial	965
F&C Asset Management	664
Ashmore	625
Life Insurance/Assurance	
Legal & General	3,558
Prudential	1,649

List of Holdings

As at 31 March 2013

UK Equities	£'000
<i>Non-life Insurance</i>	
Hiscox	2,039
Lancashire	1,904
Jardine Lloyd Thompson	1,669
RSA Insurance	1,635
eSure	902
<i>Real Estate Investment Trusts</i>	
Segro	2,253
British Land	2,234
Technology	
<i>Software & Computer Services</i>	
Micro Focus	1,479
Total Portfolio	146,903

Income Statement

		Six months ended 31 March 2013 (unaudited)		
	Notes	Revenue £'000	Capital £'000	Total £'000
Net gains on investments at fair value		—	21,501	21,501
Income	2	2,605	—	2,605
Investment management fee		(141)	(330)	(471)
Administrative expenses		(173)	—	(173)
Currency gains		—	2	2
NET RETURN BEFORE FINANCE COSTS AND TAXATION		2,291	21,173	23,464
Finance costs		(42)	(98)	(140)
RETURN ON ORDINARY ACTIVITIES BEFORE TAXATION		2,249	21,075	23,324
Taxation	3	(11)	—	(11)
RETURN ON ORDINARY ACTIVITIES AFTER TAXATION		2,238	21,075	23,313
RETURN PER ORDINARY SHARE BASIC	5	5.89p	55.45p	61.34p
DILUTED		5.89p	55.44p	61.33p

The total column of this statement represents the profit and loss account of the Company.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement.

No operations were acquired or discontinued in the year.

All revenue and capital items in the above statement derive from continuing operations.

The accompanying notes are an integral part of the financial statements.

Income Statement

Six months ended 31 March 2012 (unaudited)			Year ended 30 September 2012 (audited)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
—	15,898	15,898	—	17,278	17,278
2,683	—	2,683	5,780	—	5,780
(124)	(290)	(414)	(252)	(587)	(839)
(157)	—	(157)	(275)	—	(275)
—	—	—	—	—	—
2,402	15,608	18,010	5,253	16,691	21,944
(48)	(111)	(159)	(93)	(216)	(309)
2,354	15,497	17,851	5,160	16,475	21,635
(13)	—	(13)	(24)	—	(24)
2,341	15,497	17,838	5,136	16,475	21,611
6.17p	40.83p	47.00p	13.53p	43.41p	56.94p
n/a	n/a	n/a	n/a	n/a	n/a

Reconciliation of Movements in Shareholders' Funds

Six months ended 31 March 2013 (unaudited)

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000
Balance at 30 September 2012		9,943	20,457	12,615
Issue of Ordinary shares on conversion of subscription shares		28	336	—
Return on ordinary activities after taxation		—	—	—
Dividends paid	4	—	—	—
BALANCE AT 31 MARCH 2013		9,971	20,793	12,615

Six months ended 31 March 2012 (unaudited)

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000
Balance at 30 September 2011		9,942	20,441	12,615
Issue of Ordinary shares on conversion of subscription shares		—	7	—
Return on ordinary activities after taxation		—	—	—
Dividends paid	4	—	—	—
BALANCE AT 31 MARCH 2012		9,942	20,448	12,615

Reconciliation of Movements in Shareholders' Funds

Capital reserve £'000	Revenue reserve £'000	Total £'000
69,697	6,561	119,273
—	—	364
21,075	2,238	23,313
—	(4,635)	(4,635)
90,772	4,164	138,315

Capital reserve £'000	Revenue reserve £'000	Total £'000
53,222	6,202	102,422
—	—	7
15,497	2,341	17,838
—	(3,354)	(3,354)
68,719	5,189	116,913

Reconciliation of Movements in Shareholders' Funds

Year ended 30 September 2012 (audited)

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000
Balance at 30 September 2011		9,942	20,441	12,615
Issue of Ordinary shares on conversion of subscription shares		1	16	—
Return on ordinary activities after taxation		—	—	—
Dividends paid	4	—	—	—
BALANCE AT 30 SEPTEMBER 2012		9,943	20,457	12,615

Reconciliation of Movements in Shareholders' Funds

Capital reserve £'000	Revenue reserve £'000	Total £'000
53,222	6,202	102,422
—	—	17
16,475	5,136	21,611
—	(4,777)	(4,777)
69,697	6,561	119,273

Balance Sheet

	As at 31 March 2013 (unaudited) £'000	As at 31 March 2012 (unaudited) £'000	As at 30 September 2012 (audited) £'000
FIXED ASSETS			
Investments designated at fair value through profit or loss	<u>146,903</u>	<u>129,388</u>	<u>125,203</u>
CURRENT ASSETS			
Debtors	3,502	1,392	1,950
AAA Money Market funds	3,553	1,982	8,130
Cash and short term deposits	<u>137</u>	<u>73</u>	<u>32</u>
	<u>7,192</u>	<u>3,447</u>	<u>10,112</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank Loan	(15,000)	(15,000)	(15,000)
Other creditors	(780)	(922)	(1,042)
	<u>(15,780)</u>	<u>(15,922)</u>	<u>(16,042)</u>
NET CURRENT LIABILITIES	<u>(8,588)</u>	<u>(12,475)</u>	<u>(5,930)</u>
NET ASSETS	<u>138,315</u>	<u>116,913</u>	<u>119,273</u>
CAPITAL AND RESERVES			
Called-up share capital	9,971	9,942	9,943
Share premium account	20,793	20,448	20,457
Capital redemption reserve	12,615	12,615	12,615
Capital reserve	6 90,772	68,719	69,697
Revenue reserve	4,164	5,189	6,561
EQUITY SHAREHOLDERS' FUNDS	<u>138,315</u>	<u>116,913</u>	<u>119,273</u>
NET ASSET VALUE PER ORDINARY SHARE	7		
BASIC	<u>363.29p</u>	<u>308.02p</u>	<u>314.20p</u>
DILUTED	<u>356.21p</u>	<u>n/a</u>	<u>n/a</u>

The financial statements on pages 16 to 29 were approved by the Board of Directors and authorised for issue on 21 May 2013 and were signed on its behalf by:

C A WOOD OBE
Chairman

Cash Flow Statement

	Six months ended 31 March 2013 (unaudited) £'000	Six months ended 31 March 2012 (unaudited) £'000	Year ended 30 September 2012 (audited) £'000
NET RETURN ON ORDINARY ACTIVITIES BEFORE FINANCE COSTS AND TAXATION	23,464	18,010	21,944
Adjustments for:			
Gains on investments at fair value	<u>(21,501)</u>	<u>(15,898)</u>	<u>(17,278)</u>
REVENUE BEFORE FINANCE COSTS AND TAXATION	1,963	2,112	4,666
Increase in accrued income	(312)	(207)	(84)
(Increase)/decrease in other debtors	(5)	(16)	8
Increase in other creditors	<u>26</u>	<u>41</u>	<u>32</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,672	1,930	4,622
Net cash outflow from servicing of finance	(140)	(164)	(313)
Net tax paid	(2)	(19)	(36)
Net cash outflow from financial investment	(1,731)	(5,150)	(156)
Equity dividends paid	(4,635)	(3,354)	(4,777)
Net cash inflow from management of liquid resources	<u>4,577</u>	<u>6,828</u>	<u>680</u>
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING	(259)	71	20
Net cash inflow from financing	<u>364</u>	<u>7</u>	<u>17</u>
INCREASE IN CASH	<u>105</u>	<u>78</u>	<u>37</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase in cash as above	105	78	37
Net change in liquid resources	<u>(4,577)</u>	<u>(6,828)</u>	<u>(680)</u>
MOVEMENT IN NET DEBT IN THE PERIOD	(4,472)	(6,750)	(643)
Opening net debt	<u>(6,838)</u>	<u>(6,195)</u>	<u>(6,195)</u>
CLOSING NET DEBT	<u>(11,310)</u>	<u>(12,945)</u>	<u>(6,838)</u>
REPRESENTED BY:			
Cash and short term deposits	137	73	32
AAA money market funds	3,553	1,982	8,130
Bank loan	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>
	<u>(11,310)</u>	<u>(12,945)</u>	<u>(6,838)</u>

Notes to the Financial Statements

1. Accounting policies

(a) Basis of accounting

The accounts have been prepared in accordance with applicable UK Accounting Standards, with pronouncements on half-yearly reporting issued by the Accounting Standards Board and with the Statement of Recommended Practice for “Financial Statements of Investment Trust Companies and Venture Capital Trusts”. They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

The financial statements and the net asset value per share figures have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and using the same accounting policies as the preceding annual accounts.

(b) Dividends payable

Dividends are recognised in the period in which they are paid.

	Six months ended 31 March 2013 £'000	Six months ended 31 March 2012 £'000	Year ended 30 September 2012 £'000
2. Income			
Income from investments			
Franked investment income	1,964	2,396	5,088
Overseas and unfranked investment income	530	203	535
Stock dividends	95	53	105
	<u>2,589</u>	<u>2,652</u>	<u>5,728</u>
Other income			
AAA money market interest	16	19	39
Underwriting commission	—	12	13
	<u>16</u>	<u>31</u>	<u>52</u>
	<u>2,605</u>	<u>2,683</u>	<u>5,780</u>

Notes to the Financial Statements

3. Taxation on ordinary activities

The taxation charge for the period represents withholding tax suffered on overseas dividend income.

	Six months ended 31 March 2013 £'000	Six months ended 31 March 2012 £'000	Year ended 30 September 2012 £'000
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4. Dividends

Ordinary dividends on equity shares deducted from reserves:			
Final dividend for 2012 of 9.00p per share (2011 - 8.85p)	3,417	3,359	3,359
First quarterly dividend for 2013 of 3.20p (2012 - nil)	1,218	—	—
Interim dividend for 2012 of 3.75p per share	—	—	1,423
Return of unclaimed dividends	—	(5)	(5)
	<u>4,635</u>	<u>3,354</u>	<u>4,777</u>

	Six months ended 31 March 2013 p	Six months ended 31 March 2012 p	Year ended 30 September 2012 p
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5. Return per ordinary share

Basic

Revenue return	5.89	6.17	13.53
Capital return	55.45	40.83	43.41
Total return	<u>61.34</u>	<u>47.00</u>	<u>56.94</u>

Notes to the Financial Statements

The figures above are based on the following figures:

	Six months ended 31 March 2013 £'000	Six months ended 31 March 2012 £'000	Year ended 30 September 2012 £'000
Revenue return	2,238	2,341	5,136
Capital return	21,075	15,497	16,475
Total return	23,313	17,838	21,611
Weighted average number of ordinary shares*	38,006,791	37,955,111	37,956,373
Diluted			
Revenue return	5.89	n/a	n/a
Capital return	55.44	n/a	n/a
Total return	61.33	n/a	n/a
Number of dilutive shares	7,338	n/a	n/a
Diluted shares in issue	38,014,129	n/a	n/a

* Calculated excluding shares held in treasury.

The calculation of the diluted total, revenue and capital returns per Ordinary share is carried out in accordance with Financial Reporting Standard No. 22 “Earnings per Share”. For the purposes of calculating diluted total, revenue and capital returns per Ordinary share, the number of Ordinary shares is the weighted average used in the basic calculation plus the number of Ordinary shares deemed to be issued for no consideration on exercise of all Subscription shares by reference to the average share price of the Ordinary shares during the period. There was no dilutive effect on net revenue or net capital per share at 31 March 2012 and 30 September 2012.

Notes to the Financial Statements

6. Capital reserve

The capital reserve figure reflected in the Balance Sheet includes investment holdings gains at the period end of £30,566,000 (31 March 2012 - gains of £16,604,000; 30 September 2012 - gains of £13,560,000).

7. Net asset value per ordinary share	Six months ended 31 March 2013	Six months ended 31 March 2012	Year ended 30 September 2012
Basic:			
Attributable net assets (£'000)	138,315	116,913	119,273
Number of ordinary shares in issue*	38,073,021	37,956,153	37,959,305
NAV per ordinary share (p)	363.29	308.02	314.20
Diluted:			
Attributable net assets assuming exercise of subscription shares (£'000)	162,134	n/a	n/a
Number of potential ordinary shares in issue*	45,516,439	n/a	n/a
NAV per ordinary share (p)	356.21	n/a	n/a

* Excludes shares in issue held in treasury.

The diluted net asset value per Ordinary share has been calculated in accordance with guidelines issued by the Association of Investment Companies, and assumes that all outstanding subscription shares were converted into ordinary shares at the period end. There was no dilution to the net asset values at 31 March 2012 and 30 September 2012.

Notes to the Financial Statements

8. Called-up share capital

On 17 December 2010 the Company issued 7,585,860 subscription shares by way of a bonus issue to the ordinary shareholders on the basis of one subscription share for every five ordinary shares. Each subscription share confers the right, but not the obligation, to subscribe for one ordinary share on any subscription date, being the last business day of June and December in each year commencing June 2011 and finishing on the last business day of December in 2016, after which the rights under the subscription shares will lapse. The conversion price has been determined as being 320p.

During the six months ended 31 March 2013, shareholders exercised their right to convert 113,716 Subscription shares into Ordinary shares (31 March 2012 - 2,095; 30 September 2012 - 5,247) for a consideration of £364,000 (31 March 2012 - £7,000; 30 September 2012 - £17,000).

9. Transaction costs

During the period expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Income Statement. The total costs were as follows:

	Six months ended 31 March 2013 £'000	Six months ended 31 March 2012 £'000	Year ended 30 September 2012 £'000
Purchases	153	135	278
Sales	41	29	74
	194	164	352

Notes to the Financial Statements

10. Half Yearly Report

The financial information contained in this Half-Yearly Financial Report does not constitute statutory accounts as defined in Sections 434-436 of the Companies Act 2006. The financial information for the six months ended 31 March 2013 and 31 March 2012 has not been audited.

The information for the year ended 30 September 2012 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

11. This Half-Yearly Financial Report was approved by the Board on 21 May 2013.

How to Invest in Standard Life Equity Income Trust

Investors may subscribe to Standard Life Equity Income Trust through Standard Life's Savings Scheme, Individual Savings Account ('ISA') or Individual Savings Account transfer ('ISA transfer'). Alternatively, investors may buy shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or financial adviser.

Investment Trust Savings Scheme

Standard Life's Savings Scheme is a straightforward way to invest in the Standard Life Equity Income Trust PLC. The minimum investment through Standard Life's Savings Scheme is £100 per month or a £1,000 lump sum. 0.5% Government stamp duty, which is currently payable on all share purchases, is deducted from each investment made. There is no maximum amount that can be invested in the Company through Standard Life's Savings Scheme and there is no initial, exit or annual management charge.

Investment Trust ISA

Standard Life's Stocks and Shares ISA is a tax efficient savings vehicle as investors pay no additional income tax or capital gains tax on any money generated by their investments. An ISA allows investors to maximise the amounts placed in stocks and shares.

Investors will have the opportunity to invest in the Company's ISA up to £11,540 in the tax year 2013/2014. Like the Savings Scheme, the minimum investment in Standard Life's ISA is a £1,000 lump sum or £100 per month. 0.5% Government stamp duty is deducted from each investment made, but there is no initial, exit or annual management charge.

Investment Trust ISA Transfer

Investors may also gain access to the Company by transferring any existing ISA investments to a Standard Life ISA. As with the Standard Life ISA, 0.5% Government stamp duty is deducted from each investment made, but there is no initial, exit or annual management charge.

How to Invest

For further information on how to invest and an application pack containing full details of the products and their charges, please go online to www.standardlifeinvestments.co.uk/its or alternatively call Standard Life on 0845 60 24 247. Lines are open from 9 a.m. to 5 p.m. Monday to Friday. We recommend that you speak to your usual financial adviser to find out if Standard Life Investments' products are suitable for you.

How to Invest in Standard Life Equity Income Trust

Risk Warnings - General

- Past performance is no guarantee of future performance.
- The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined by the changing conditions in the relevant stockmarkets in which the Company invests and by the supply and demand for the Company's shares.
- As the shares in an investment trust are traded on a stockmarket, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.
- Although the Company's Financial Statements are denominated in sterling, it may invest in stocks and shares that are denominated in currencies other than sterling and to the extent they do so, they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.
- Investors should note that tax rates and reliefs may change at any time in the future.
- The value of ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs may not be maintained.

Company Information and Contact Details

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Richard Burns
Josephine Dixon
Keith Percy

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